

Message Text

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PAGE 01 SEOUL 01911 090911Z

ACTION EA-09

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FM AMEMBASSY SEOUL

TO USDOC WASHDC

INFO SECSTATE WASHDC 2540

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

AMEMBASSY MANILA

AMCONSUL HONG KONG

DEPARTMENT OF TREASURY

UNCLAS SEOUL 1911

MANILA FOR USADB

E.O. 11652: N/A

TAGS: BENC, KS

SUBJECT: MAJOR PROJECT - ANTHRACITE AND FUEL OIL (BNKER C OIL)
POWER PLANT CONSTRUCTION

REF: 76 SEOUL 9787

THIS MESSAGE REPLACES REFTEL IN ITS ENTIRETY IN THAT DETAILS
OF THE PROJECT HAVE BEEN COMPLETELY REVISED.

1. PROJECT DESCRIPTION: KOREA ELECTRIC COMPANY (KECO) PLANS
TO BUILD TWO (2) SIDE BY SIDE 200 MW THERMAL POWER PLANTS
IN THE BE-IN AREA ON THE WEST COAST OF KOREA (NORTH
NORTHWEST OF KUNSAN). CONSTRUCTION IS TENTATIVELY SCHEDULED
TO BEGIN IN LATE 1977 WITH ONE PLANT EXPECTED TO BE COMPLETED
BY MARCH 1981 AND THE OTHER BY SEPTEMBER 1981. THE PLANT DESIGNS
SHALL BE BASED ON MIXED TYPE BOILERS BURNING BOTH ANTHRACITE
(LOW CALORIE) COAL AND BUNKER C OIL.

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2. IMPLEMENTING OFFICE:

MR. PARK, BYUNG-HO, MANAGER

FOREIGN SUPPLY DEPARTMENT

KOREA ELECTRIC COMPANY

#5, 2-KA, NAMDAEMOON-RO, CHUNG-KU, SEOUL 100, KOREA

CABLE: KELECCO SEOUL

TELEX: KELECCO K2487

3. COST AND FINANCING: TOTAL PROJECT COSTS HAVE BEEN REEISOIMATED AT DOLLARS 195 MILLION. FOREIGN EXCHANGE COSTS OF DOLLARS 100 MILLION FOR THE IMPORT OF EQUIPMENT AND EMPLOYMENT OF FOREIGN CONSULTNNT SERVICES WILL BE FINANCED THROUGH FOREIGN LOANS OR SUPPLIER'S CREDITS.

4. EXPECTED BID DATES: TENTATIVE ESTIMATE OF THE DATE FOR KECO'S ISSUE OF INVITATIONS FOR BIDS (IFB) IS MID 1977 (POSSIBLY FIRST PART OF MAY). THE IFB WILL REQUIRE THAT BIDDERS SUBMIT PROPOSALS TO KECO BY JULY 31, 1977, AND THAT THEY STIPULATE THE TERMS OF GOVERNMENT FINANCIAL INSTITUTION OR SUPPLIER CREDITS AVAILABLE TO THEM. KECO HOPES THAT THE FINAL EVALUATION OF THE PROPOSALS SHALL BE MADE BY SEPTEMBER 1977 AND THAT A CONTRACT MAY BE AWARDED BY OCTOBER 1977.

5. POTENTIAL U.S. SALES: U.S. INVOLVEMENT COULD INCLUDE CONSULTANT SERVICES AND EQUIPMENT TO BE PURCHASED FOR THE SUBJECT PROJECT INCLUDING SALE OF THE TOTAL SYSTEMS (TURBINE-GENERATORS, BOILERS, MAIN TRANSFORMERS, CIRCUIT BREAKERS, LARGE SIZE PUMPS AND AUTOMATIC CONTROLS AND INSTRUMENTATION) AMOUNTING TO APPROXIMATELY DOLLARS 110 MILLION.

6. POST COMMENTS: ON THE BASIS OF PRELIMINARY DISCUSSIONS WITH AN ADB PROJECT IDENTIFICATION MISSION IN MID-SEPTEMBER 1976 IN TERMS OF A SINGLE 200 MW THERMAL POWER PLANT (REPORTED REFTEL), ITS WAS LEARNED THAT ADB OFFICIALS CONSIDER THE PROJECT TO BE AN ATTRACTIVE ONE. HOWEVER, ADB WOULD ONLY BE ABLE TO CONSIDER IT AS PART OF ITS 1979 PROGRAMLFOR KOREA. IN VIEW OF UNCLASSIFIED

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THE URGENCY OF KOREA'S POWER NEEDS, KECO PLANNERS HAVE GIVEN PRIORITY TO STARTING THIS PROJECT IN 1977 AND HAVE APPARENTLY CHANGED THEIR ORIGINAL INTENTION TO ASK ADB FOR THE FINANCING ON ONE OF THESE UNITS.

SUBJECT PROJECT IS NOT LISTED AMONG THE PROJECTS PROPOSED ON THE 1977 KOREA ECONOMIC PLANNING BOARD (EPB) PRIORITY LIST FOR U.S. EXIM BANK ATTENTION. HOWEVER, KECO EXPECTS THAT THIS PROJECT WILL BE PICKED UP IN THE NEXT PRIORITY LIST FOR THE U.S. EXIM BANK. THE 200 MW PLANTS ARE LISTED ON KECO'S 1976-'86 LONG-RANGE POWER DEVELOPMENT PROGRAM AS "COAL-OIL FIRED THERMAL POWER PLANT NOS. ONE AND TWO." EMBASSY WILL FOLLOW THIS PROJECT CLOSELY FOR FURTHER DEVELOPMENTS.

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